

107TH CONGRESS
1ST SESSION

H. R. 2393

To amend the Internal Revenue Code of 1986 to allow individuals a credit against income tax for energy conservation expenditures in residences and for purchases of energy efficient appliances.

IN THE HOUSE OF REPRESENTATIVES

JUNE 28, 2001

Mr. ISRAEL (for himself and Mr. CROWLEY) introduced the following bill;
which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to allow individuals a credit against income tax for energy conservation expenditures in residences and for purchases of energy efficient appliances.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Energy Cost and Tax
5 Relief Act”.

1 **SEC. 2. TAX CREDIT FOR ENERGY CONSERVATION EXPEND-**
 2 **ITURES IN RESIDENCES.**

3 (a) IN GENERAL.—Subpart A of part IV of sub-
 4 chapter A of chapter 1 of the Internal Revenue Code of
 5 1986 (relating to nonrefundable personal credits against
 6 tax) is amended by inserting after section 25B the fol-
 7 lowing new section:

8 **“SEC. 25C. ENERGY CONSERVATION PROPERTY IN RESI-**
 9 **DENCES.**

10 “(a) ALLOWANCE OF CREDIT.—In the case of an in-
 11 dividual, there shall be allowed as a credit against the tax
 12 imposed by this chapter for the taxable year an amount
 13 equal to 50 percent of the expenditures made by the tax-
 14 payer for qualified energy conservation property during
 15 such taxable year.

16 “(b) LIMITATION.—The credit allowed under sub-
 17 section (a) with respect to each dwelling unit for any tax-
 18 able year shall not exceed \$2,500.

19 “(c) QUALIFIED ENERGY CONSERVATION PROP-
 20 erty.—For purposes of this section—

21 “(1) IN GENERAL.—The term ‘qualified energy
 22 conservation property’ means energy conservation
 23 property described in paragraph (2) if—

24 “(A) the property is certified by the Sec-
 25 retary of Energy to equal or exceed energy con-

1 servation standards for such property or for the
2 installation of such property, and

3 “(B) the property is installed on or in con-
4 nection with a dwelling unit which is located in
5 the United States and which is used by the tax-
6 payer as a residence.

7 “(2) DESCRIPTION OF ENERGY CONSERVATION
8 PROPERTY.—For purposes of paragraph (1), energy
9 conservation property described in this paragraph is
10 the following:

11 “(A) Ceiling insulation.

12 “(B) Weatherstripping.

13 “(C) Water heater insulation blankets.

14 “(D) Low-flow showerheads.

15 “(E) Caulking in ceilings.

16 “(F) Insulation of plenums and ducts.

17 “(G) Storm windows with a U-value of
18 0.45 or less.

19 “(H) Thermal doors and windows.

20 “(I) Duty cyclers.

21 “(J) Clock thermostats.

22 “(K) Evaporative coolers.

23 “(L) Whole house fans.

24 “(M) External shading devices.

1 “(N) Thermal energy storage devices with
2 central control systems.

3 “(O) Controls and automatic switching de-
4 vices between natural and electric lighting.

5 “(P) Any other property that the Secretary
6 of Energy determines to be an effective device
7 for the conservation of energy.

8 “(d) CERTIFICATION.—For purposes of subsection
9 (c)(1)(A)—

10 “(1) PRODUCTS.—A certification with respect
11 to qualified energy conservation property shall be
12 made by the manufacturer of such property.

13 “(2) INSTALLATION.—A certification with re-
14 spect to the installation of qualified energy conserva-
15 tion property shall be made by the person who sold
16 or installed the property.

17 “(3) FORM.—Certifications referred to in this
18 subsection shall be in such form as the Secretary
19 shall prescribe, and, except in the case of a certifi-
20 cation by a representative of a local building regu-
21 latory authority, shall include the taxpayer identi-
22 fication number of the person making the certifi-
23 cation.

24 “(e) SPECIAL RULES.—For purposes of this
25 section—

1 “(1) DOLLAR AMOUNTS IN CASE OF JOINT OC-
2 CUPANCY.—In the case of any dwelling unit which if
3 jointly occupied and used during any calendar year
4 as a residence by 2 or more individuals the following
5 shall apply:

6 “(A) The amount of the credit allowable
7 under subsection (a) by reason of expenditures
8 (as the case may be) made during such cal-
9 endar year by any of such individuals with re-
10 spect to such dwelling unit shall be determined
11 by treating all of such individuals as 1 taxpayer
12 whose taxable year is such calendar year.

13 “(B) There shall be allowable with respect
14 to such expenditures to each of such individ-
15 uals, a credit under subsection (a) for the tax-
16 able year in which such calendar year ends in
17 an amount which bears the same ratio to the
18 amount determined under subparagraph (A) as
19 the amount of such expenditures made by such
20 individual during such calendar year bears to
21 the aggregate of such expenditures made by all
22 of such individuals during such calendar year.

23 “(2) TENANT-STOCKHOLDER IN COOPERATIVE
24 HOUSING CORPORATION.—In the case of an indi-
25 vidual who is a tenant-stockholder (as defined in sec-

tion 216) in a cooperative housing corporation (as defined in such section), such individual shall be treated as having made his tenant-stockholder's proportionate share (as defined in section 216(b)(3)) of any expenditures of such corporation.

“(3) CONDOMINIUMS.—

“(A) IN GENERAL.—In the case of an individual who is a member of a condominium management association with respect to a condominium which he owns, such individual shall be treated as having made his proportionate share of any expenditures of such association.

“(B) CONDOMINIUM MANAGEMENT ASSOCIATION.—For purposes of this paragraph, the term ‘condominium management association’ means an organization which meets the requirements of paragraph (1) of section 528(c) (other than subparagraph (E) thereof) with respect to a condominium project substantially all of the units of which are used as residences.

“(4) JOINT OWNERSHIP OF ENERGY ITEMS.—

“(A) IN GENERAL.—Any expenditure otherwise qualifying as an expenditure for qualified energy conservation property shall not be treated as failing to so qualify merely because such

1 expenditure was made with respect to 2 or more
2 dwelling units.

3 “(B) LIMITS APPLIED SEPARATELY.—In
4 the case of any expenditure described in sub-
5 paragraph (A), the amount of the credit allow-
6 able under subsection (a) shall (subject to para-
7 graph (1)) be computed separately with respect
8 to the amount of the expenditure made for each
9 dwelling unit.

10 “(5) ALLOCATION IN CERTAIN CASES.—If less
11 than 80 percent of the use of an item is for nonbusi-
12 ness residential purposes, only that portion of the
13 expenditures for such item which is properly allo-
14 cable to use for nonbusiness residential purposes
15 shall be taken into account.

16 “(6) WHEN EXPENDITURE MADE; AMOUNT OF
17 EXPENDITURE.—

18 “(A) IN GENERAL.—Except as provided in
19 subparagraph (B), an expenditure with respect
20 to an item shall be treated as made when the
21 original installation of the item is completed.

22 “(B) EXPENDITURES PART OF BUILDING
23 CONSTRUCTION.—In the case of an expenditure
24 in connection with the construction or recon-
25 struction of a structure, such expenditure shall

1 be treated as made when the original use of the
2 constructed or reconstructed structure by the
3 taxpayer begins.

4 “(C) AMOUNT.—The amount of any ex-
5 penditure shall be the cost thereof.

6 “(7) OTHER APPLICABLE RULES.—Rules simi-
7 lar to the rules of paragraphs (4) and (5) of section
8 48(a) shall apply for purposes of this section.

9 “(f) BASIS ADJUSTMENTS.—For purposes of this
10 subtitle, if a credit is allowed under this section for any
11 expenditure with respect to any property, the increase in
12 the basis of such property which would (but for this sub-
13 section) result from such expenditure shall be reduced by
14 the amount of the credit so allowed.

15 “(g) DENIAL OF DOUBLE BENEFIT.—No deduction
16 or other credit shall be allowed under this chapter for any
17 expenditure for which credit is allowed under this section.

18 “(h) ELECTION TO HAVE CREDIT NOT APPLY.—A
19 taxpayer may elect to have this section not apply for any
20 taxable year.

21 “(i) APPLICATION OF SECTION.—This section shall
22 apply to expenditures with respect to property placed in
23 service after December 31, 2000.”.

24 (b) CONFORMING AMENDMENT.—Subsection (a) of
25 section 1016 of such Code (relating to general rule for

1 adjustments to basis) is amended by striking “and” at the
 2 end of paragraph (27), by striking the period at the end
 3 of paragraph (28) and inserting “, and”, and by adding
 4 at the end the following new paragraph:

5 “(29) in the case of a residence with respect to
 6 which a credit was allowed under section 25C, to the
 7 extent provided in section 25C(f).”.

8 (c) CLERICAL AMENDMENT.—The table of sections
 9 for subpart A of part IV of subchapter A of chapter 1
 10 of such Code is amended by inserting after the item relat-
 11 ing to section 25B the following new item:

“Sec. 25C. Energy conservation property in residences.”.

12 (d) EFFECTIVE DATE.—The amendments made by
 13 this section shall apply to taxable years beginning after
 14 December 31, 2000.

15 **SEC. 3. TAX CREDIT FOR PURCHASES OF ENERGY EFFI-**
 16 **CIENT APPLIANCES.**

17 (a) IN GENERAL.—Subpart A of part IV of sub-
 18 chapter A of chapter 1 of the Internal Revenue Code of
 19 1986 (relating to nonrefundable personal credits against
 20 tax), as amended by section 2, is amended by inserting
 21 after section 25C the following new section:

22 **“SEC. 25D. ENERGY EFFICIENT APPLIANCES.**

23 “(a) ALLOWANCE OF CREDIT.—In the case of an in-
 24 dividual, there shall be allowed as a credit against the tax
 25 imposed by this chapter an amount equal to 50 percent

1 of the amount paid by the taxpayer for the purchase of
2 any qualified appliance.

3 “(b) LIMITATION.—The credit allowed under sub-
4 section (a) for any taxable year shall not exceed \$2,500.

5 “(c) QUALIFIED APPLIANCE.—For purposes of this
6 section—

7 “(1) IN GENERAL.—The term ‘qualified appli-
8 ance’ means any appliance listed in paragraph (2) if
9 it meets the standards in the Appliance Standards
10 Program of the Department of Energy (in part 430
11 of chapter II of title 10 of the Code of Federal Reg-
12 ulations).

13 “(2) LIST OF APPLIANCES.—For purposes of
14 paragraph (1), the appliances listed in this para-
15 graph are the following:

16 “(A) Air conditioners—central air and
17 heat pumps.

18 “(B) Air conditioners—room.

19 “(C) Clothes dryers.

20 “(D) Clothes washers.

21 “(E) Heating equipment—furnaces and
22 boilers.

23 “(F) Kitchen ranges and ovens.

24 “(G) Refrigerators, refrigerator-freezers,
25 and freezers.

1 “(H) Showerheads and faucets.

2 “(I) Water closets and urinals.

3 “(J) Water heaters.”.

4 (b) CLERICAL AMENDMENT.—The table of sections
5 for subpart A of part IV of subchapter A of chapter 1
6 of such Code, as amended by section 2, is amended by
7 inserting after the item relating to section 25C the fol-
8 lowing new item:

 “25D. Energy efficient appliances.”.

9 (c) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to taxable years beginning after
11 December 31, 2000.

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